

Embargo, jusqu'au 26 avril 1974.

Résolution présentée à l'assemblée générale
annuelle des Compagnies:

CANADIAN PACIFIC INVESTMENTS

LE 26 AVRIL 1974

CANADIEN PACIFIQUE LTEE

LE 1er MAI 1974

au Château Champlain,

Montréal

par **M. Raymond Lavoie de Québec, actionnaire.**

Release, April 26, 1974

Motion presented at the Annual General Meeting
of the Companies:

CANADIAN PACIFIC INVESTMENTS

APRIL 26, 1974

and CANADIAN PACIFIC RAILWAYS

MAY 1st, 1974

at Chateau Champlain,

Montreal

by **Mr. Raymond Lavoie of Quebec, share holder.**

Monsieur le président,

Je tiens à féliciter les administrateurs de C. P. Investments et de C. P. Limitée du succès qu'ils ont obtenu, cette année encore, dans leur effort pour faire fructifier les capitaux qui leur sont confiés et pour mettre en valeur les immenses richesses que Dieu a déposées en terre canadienne.

Je me réjouis de l'essor de notre compagnie. Je voudrais cependant faire remarquer à mes collègues, actionnaires de C.P.I. et C.P.R., que plus nos dividendes augmentent, plus les revenus d'une partie importante de la population canadienne, diminuent. Ce qui s'observe aisément dans nos relations entre pays capitalistes occidentaux et pays du tiers-monde, s'observe également à l'intérieur de notre propre pays.

L'inflation, écrit le président M. Roblin, dans son rapport annuel "pour une compagnie comme la nôtre, comporte autant d'occasions favorables que de problèmes". Chose assurée, dans des secteurs urbains défavorisés, comme il y en a dans toutes les villes du Canada, la conjoncture actuelle ne comporte "aucune occasion favorable" et n'apporte que des problèmes. Ces problèmes demeurent sans solution à moins que les nombreux actionnaires de nos compagnies acceptent de modifier leurs attitudes vis-à-vis le rendement de leur capital et consentent à inclure dans leurs préoccupations et leurs porte-feuilles, certains investissements dont le rendement sera plus social que financier.

Sans doute, chaque fois qu'une de nos entreprises ouvre un nouveau chantier, il y a de nouveaux citoyens qui trouvent de l'emploi et c'est là un service social important. Mais chaque fois que dans nos industries, une nouvelle machine entre en fonction, il y a des bras humains qui deviennent inutiles.

Mr. President:

I wish to congratulate the administrators of C. P. Investments and C. P. Railways for the success they have obtained this year again, in their effort to bring the monies entrusted them to bear fruit and to improve the boundless wealth God gave this Canadian soil.

I am pleased with the financial impulse of our Company. However, I would like to bring to the attention of my colleagues, the share holders of C.P.I. and C.P.R., that the higher our dividends, the lower the income of an important part of the Canadian population is. What can easily be observed in our relations between the occidental capitalist countries and the essentially deprived ones, can also be seen right here in our own country.

In his yearly account, Mr. Roblin, the President, writes that "inflation, for such company as ours, can bear as many positive fruits as problems". It is certain that in the poor urban districts existing in all Canadian cities, inflation will bring no favorable positive results but only financial and social complications. These problems will remain, unless the numerous share holders of our companies agree to change their attitude in regard of their profit bearing capitals and are willing to include in their budget some investments on which capitalisation and profits will be more social than financial.

It is certain that each time one of our firms begin a new project, additional citizens find a job, and this project becomes an important social service; but on the other hand, when our industries bring in, new machines, other citizens become jobless.

Nous sommes à bâtir une CIVILISATION DU LOISIR. Les premiers arrivés de cette nouvelle civilisation circulent dans les luxueux hôtels qui nous appartiennent d'Aquapulco au Lac Louise. Ils sont devenus des rentiers cossus et inoccupés. Ils ne sont pas très nombreux, tout de même.

Le reste des premiers arrivés de la civilisation du loisir, et ceux là se comptent déjà par centaines de milliers, sont concentrés en des quartiers comme celui où je vis à Québec et leur niveau de vie est en-deça du seuil de la pauvreté tel que défini par notre gouvernement. Dans mon quartier, le revenu moyen des familles se situe entre trois et quatre mille dollars.

Il est vrai aussi que nous payons des taxes. Mais comme geste de solidarité avec nos frères du loisir professionnel, nos frères du chômage chronique et de l'Assistance sociale, ce n'est pas très significatif. Nous conservons tout ce qu'il nous est possible de soustraire au fisc (ce qui est très louable) et nous jouissons d'assez fortes influences auprès des pouvoirs publics pour nous protéger contre de trop fortes écorchures à nos dividendes.

Monsieur le président Roblin mentionne que les activités de C. P. Investments, se déroulent à l'intérieur "du monde libre". Ce dernier mot doit nous amener à peser un peu la liberté de nos concitoyens afin de bien voir si elle est une valeur homogène au Canada.

Entre le monde libre, et l'autre monde, celui des Russes et des Chinois, il y a une première différence. C'est que dans le monde libre, les détenteurs de capitaux peuvent faire fructifier leurs biens, quoi qu'il arrive à ceux qui n'ont pas de capital . . . et il arrive qu'on enlève à ceux qui n'ont rien et qu'on ajoute à ceux qui possèdent.

Dans l'univers marxiste, l'Etat étant devenu le seul détenteur de capitaux, il devient possible d'investir en recherchant le profit social au moins autant que le profit économique. Je ne dis pas que cela se fait. Mais j'affirme que, tout au moins, il est possible de le faire tandis que chez-nous cela est jusqu'ici impossible.

As in the declining days of the Roman Empire, we are building a civilization where "games and food" are most essential. The first initiators of this new civilization are living in luxurious hotels, our hotels, from Aquapulco to Lake Louise. They have become wealthy and useless retired gentlemen, and, thank God, in very little number. The remainder of these people, of "this leisure civilization", numbered by the hundreds of thousands, are located in sectors as the one where I live in Quebec city; their standard of living being far below the limit of poverty as defined by our Government. In my part of the city, the average family income is between three and four thousand dollars a year.

True, we pay taxes, but this is not much of a gesture of solidarity with our brothers of professional leisure, with those of permanent unemployment and those of social security welfare. We keep back everything possible from the income taxes (which we are to be congratulated for) and we benefit of strong enough pressure over the public powers to be protected against a too high taxation of our dividends.

The President, Mr. Roblin, underlines that the financial activities of C. P. Investments are made among people of a "free world". This should place a question in our minds as to what is freedom for our citizens in order to weigh whether freedom is the same all over Canada.

Between the free world and the other, the Russians' and the Chineses', there is a basic difference: In the free world the capitalist can enlarge their wealth, make it grow in capital and interest whatever happens to those without possessions — and it happens that the poor is deprived, to add to the richness of the well-to-do. In Russian and Chinese worlds, the state has become the main possessor and owner of capitals; there, it is possible to invest with an objective at least as much social as economical. I am not saying that this objective is aimed at, but I say that it is a possibility while in our own world, this, until now, has appeared to be an impossibility.

Il y a une autre différence entre le monde libre et l'autre monde. C'est que chez les marxistes, la liberté n'existe plus tandis que, chez-nous, elle existerait encore, dit-on. Et il est vrai que la liberté existe, mais, si vous y pensez bien, vous constaterez que, chez-nous, cette liberté n'existe que pour ceux qui ont de l'argent. Les gens de mon milieu défavorisé, n'ayant pas le minimum nécessaire pour exercer leur liberté en se procurant les biens produits par nos industries ne sont guère plus avancés que s'ils n'étaient pas libres. Ils n'appartiennent pas à l'**économie du monde libre**, dont parlait M. Roblin, car le passe-port pour entrer dans ce monde là, c'est l'argent et c'est justement ce qui leur manque.

J'en arrive à une conclusion, monsieur le président. Notre compagnie a suffisamment bien réussi son année d'opérations, pour accepter dans sa répartition des profits, un certain investissement plus social que financier. Notre vénérable mère, le CPR. a joué un rôle prophétique voilà un siècle, en obtenant du peuple canadien des avantages si considérables qu'au dire de l'honorable Jean Marvernement, tant et de si précieux priviléges". Nous jouissons abondamment, "aucune compagnie au monde n'a jamais obtenu d'un goudamment des retombées séculaires de ces priviléges, nous les actionnaires. Il serait normal que nous assumions le rôle de prophète des temps nouveaux. Nous n'avons pas besoin d'attendre que des meneurs de grands jeux scouts comme les C. P. Removers, de regrettée mémoire, ou les meneurs de tragi-comédies comme celle de Patricia Hearst, à Los Angeles, s'emploient plus longtemps à nous expliquer des principes comme ceux-là et à nous faire découvrir des applications.

D O N C

Dans mon quartier de Québec nous avons un projet de condominium pour familles à faible revenu. Cette chose-là n'existe encore nulle part au monde. Les plans sont faits au complet. Les soumissions sont sorties depuis deux ans. Nous avons trouvé les fonds requis pour construire, à 9%. Mais avec ce taux d'intérêt, étant données les soumissions que nous avons en mains, le coût mensuel d'acquisition de ce condominium, réparti sur 40 ans, s'établit à environ \$250.00 par mois. Si nous trouvons le capital requis sans intérêt, le coût mensuel tombe à environ \$85.00 par mois.

There is another difference between the free world and the other. In the Marxist world, liberty does not exist anymore while in our country, one is told that this freedom is still in existance, which is the truth, but if you think of it, you will admit that freedom is the lot of those who have money. The people of my poor and wanting sector, not having the required minimum to benefit of their freedom in buying the products from our industries, are no better than if they were living in a world of no or restricted freedom. They don't belong to that economically free world of Mr. Roblin's because the passeport to this world is money, and that is exactly what they are lacking.

Everything I have said before, Mr. President, brings me to the following conclusion. Our firm's operations have been very successful this last year and we should place a percentage of our benifit in investments more social than financial. Our dear mother the C.P.R. has obtained during the last century from the canadian people (government) advantages such, that made the Honorable Jean Marchand say "That no company in the world has ever obtained from a government so many and such precious privileges". We, the share holders, for centuries, have benefited of these secular investments; it should be normal for us to become pioneers in new social investments; we should not have to wait for boy-scout leaders as the C. P. Removers or for tragico-comis leaders as those of Patricia Hearst, in Los Angeles, to explain to us such new principles and to show us how to apply them.

SO

Im my sector of Quebec City, we have a condominium project for low income families. A similar project, as yet, is nonexistent, the world over. Plans have been completed, devices and particularities accepted.

Required funds at **(9% nine percent interest)** have been found: But at this interest rate, according to sub-contracts given, the monthly cost for buying each individual condominium would be, over a period of forty years (40), two hundred and fifty dollars per month. (\$250.00). On the other hand, if we found the required capital (financial investment) without interest, the monthly cost would go down to eighty five dollars (\$85.00) a month.

Comme nous ne travaillons pas pour les gens prospères, mais pour les "victimes de la prospérité", nous n'avons pas encore commencé à construire et notre terrain, loué par bail emphytéotique de la Ville de Québec à \$1.00 par année, ne nous sert pas encore.

Nous sommes cependant parvenus en deux ans d'efforts à provoquer la création d'un réservoir pour accumuler le fonds de \$400,000.00 qui nous manque.

Les Caisses populaires suivantes :

Caisse Populaire de Québec-Est, 510, St-François Est, Québec 2	Tél.: 522-1211
Caisse Populaire St-Joseph 551, St-Sauveur, Québec 8	Tél.: 681-7897
Caisse Populaire St-Malo 175, Marie-de-l'Incarnation, Québec 8	Tél.: 525-4739
Caisse Populaire Sacré-Coeur 400, St-Léon, Québec 8	Tél.: 529-9381
Caisse Populaire St-Sauveur 135, St-Vallier Ouest, Québec 8	Tél.: 529-4183
Caisse Populaire Jacques-Cartier 429, Caron, Québec 2	Tél.: 522-1522
Caisse Populaire Notre-Dame de Grâces 574, de Mazenod, Québec 8	Tél.: 529-8848

ont accepté de recevoir les dépôts des citoyens disposés à prêter sans intérêts pour 40 ans, des montants quelconques, à les administrer gratuitement et à les transmettre sans intérêt, au projet de condominium pour familles à faible revenu dont nous venons de parler. Le capital prêté sera remboursé par tranches de 1/8, tous les cinq ans.

As we do not toil for wealthy people, but for victims of today's prosperity, construction has not yet begun and the land contracted for by a long lease, one dollar a year (\$1.00) contract with Quebec City, has been of no use.

After two years of heart-breaking efforts, we have succeeded in organizing centers of receptions for the much needed lacking four hundred thousand (\$400,000.00) dollars.

The following Caisse Populaires (credit unions):

Caisse Populaire de Québec-Est, 510, St-François Est, Québec 2	Tél.: 522-1211
Caisse Populaire St-Joseph 551, St-Sauveur, Québec 8	Tél.: 681-7897
Caisse Populaire St-Malo 175, Marie-de-l'Incarnation, Québec 8	Tél.: 525-4739
Caisse Populaire Sacré-Coeur 400, St-Léon, Québec 8	Tél.: 529-9381
Caisse Populaire St-Sauveur 135, St-Vallier Ouest, Québec 8	Tél.: 529-4183
Caisse Populaire Jacques-Cartier 429, Caron, Québec 2	Tél.: 522-1522
Caisse Populaire Notre-Dame de Grâces 574, de Mazenod, Québec 8	Tél.: 529-8848

have agreed to receive and deposit monies from citizens interested to grant a fourty (40) year loan, without interest to the condominium project for families of low income. Loaned capital will be paid back by one eight slices, (1/8) every fifth year.

Si je puis trouver un secondeur,
je propose donc à l'assemblée des actionnaires
de Canadian Pacific Investments
et du Pacifique Canadien Limitée

de prêter sans intérêt un dixième de un pour cent des bénéfices
nets avant postes exceptionnels, déclarés au rapport financier
pour le présent exercice.

Je propose également que le même principe soit appliqué
au cours du prochain exercice financier de Canadian Pacific
Investments et de Canadien Pacifique, Limitée.

Si vous acceptez cette proposition, messieurs, vous aurez
réussi une Première mondiale et votre nom sera pour toujours
inscrit dans les manuels d'histoire économique comme étant
la première compagnie qui ait sérieusement tenté de sauver le
“monde libre” de son auto-destruction.

Note: **M. Raymond Lavoie possède 25 actions d'une valeur au pair de \$20.00 de C. P. Inv. et 20 actions de Canadien Pacifique Limitée.**

Traduction anglaise: Colonel Sarto Girard, professeur
d'anglais au Séminaire de Québec.

APR 29 1974

— 11 —

If someone does second my motion
I propose to the meeting of share holders
of Canadian Pacific Investments
and Canadian Pacific Railways

to lend at no interest one tenth (1/10) of one percent of their
net profit as declared of last year's financial report, to the
mentionned Credit Unions.

I also propose that the same principle be adopted for
the next Canadian Pacific Investments budget, 2nd for the
next C. P. Budget.

If you agree with this proposition, you will, gentlemen,
succeed a "world premiere" and your names will for all times
be written in manuals of economic history as being the first
Company having seriously tried to save the free world from
self destruction.

P.S.: Mr. Raymond Lavoie, is the owner of twenty five (25) shares
of C. P. Investments valued at (\$20.00) twenty dollars each
at par and twenty actions of Canadian Pacific Railways.

(Translation: Colonel Sarto Girard, professeur d'anglais au
Séminaire de Québec).

Canadian Pacific Investments Limited

Proceedings
at the
Annual
and Special
General Meeting
of Shareholders
Friday,
April 26, 1974

Le Château
Champlain
Place du Canada
Montreal
Canada

**Canadian Pacific Investments Limited
Montreal, Canada**

The following is a summary of the business transacted at the Annual and Special General Meeting of Shareholders held at Montreal, Canada, on April 26, 1974.

Mr. Ian D. Sinclair, Chairman of the Company, presided at the meeting and Mr. G. S. MacLean, Secretary of the Company, acted as secretary.

After notice of the meeting had been read and Report of the Scrutineers as to a quorum had been received, the Chairman declared the meeting to be regularly called and properly constituted for the transaction of business.

Minutes of the last Annual Meeting of Shareholders held April 27, 1973 were confirmed.

The Auditors' Report to the Shareholders, having been read, the Chairman, on behalf of the Directors, placed before the meeting Report of the Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon for the year ended December 31, 1973.

The President, The Hon. Duff Roblin, P.C., C.C., then addressed the meeting as set out in this booklet, beginning at page 3.

The Secretary read By-law No. 12, enacted by the Directors on January 31, 1974, which required sanction by at least two-thirds of the votes cast at the meeting. By-law No. 12 was then sanctioned and confirmed by the Shareholders as a By-law of the Company.

The Secretary read By-law No. 13, enacted by the Directors on March 7, 1974, which also required sanction by at least two-thirds of the votes cast at the meeting. By-law No. 13 was then sanctioned and confirmed by the Shareholders as a By-law of the Company.

The following were duly elected as Directors of the Company to hold office until the next Annual Meeting of Shareholders:

W. A. Arbuckle
F. S. Burbidge
F. E. Burnet
A. M. Campbell
R. W. Campbell
S. E. Nixon
Paul L. Paré
H. M. Pickard
Duff Roblin
Ian D. Sinclair
R. D. Southern
W. J. Stenason

Price Waterhouse & Co. were appointed Auditors for the ensuing year and the Board of Directors was authorized to fix the remuneration to be paid to the Auditors.

A shareholder made a resolution asking for non-interest bearing loans. The Chairman informed the shareholder that such a proposal was contrary to the objects and principles of the Company as enunciated at the time of seeking public participation. The motion, therefore, was ruled out of order.

The meeting then terminated.

After the shareholders' meeting, the Directors met and elected Officers of the Company and the Executive Committee as follows:

Officers of the Company

Ian D. Sinclair, Chairman of the Company and Chief Executive Officer

Hon. Duff Roblin, P.C., C.C., President

W. J. Stenason, Executive Vice-President

P. A. Nepveu, Vice-President Finance and Accounting

The Executive Committee

W. A. Arbuckle

F. S. Burbidge

A. M. Campbell

Hon. Duff Roblin, P.C., C.C.

Ian D. Sinclair

*Text of address by the President, The Hon. Duff Roblin, P.C..
C.C., to the Annual and Special General Meeting of
Shareholders at Montreal, Canada, April 26, 1974.*

It is a pleasure to join with the chairman and the directors of Canadian Pacific Investments Limited in offering a warm welcome on the occasion of the 12th annual general meeting of the company.

The directors' report, which has been sent to every shareholder, clearly establishes 1973 as the best year in our history. This fact is a reflection of two things. First, the strong upward thrust of the economic cycle during the period and, second, the results of investment decisions made in the past, some of which are now approaching maturity. The largest contribution to our 1973 results comes from our activities in oil and natural gas. In addition, in spite of being handicapped by a disappointing performance at Fording Coal, mines and minerals came in a very strong second. Forest products made the biggest percentage gain during the year while real estate and hotels also performed very well.

All in all, 1973 maintained the positive upward earnings trend line of the past four years. The consolidated earnings figure of \$77.8 million, being \$1.25 per common share on a fully diluted basis, gave a rate of return on the book value of the shareholders' equity in the company of about 10 per cent. This is by no means an excessive reward to our shareholders for the risks assumed or for the degree of patience required. The 1973 common stock dividend of 53 cents included an increase of $5\frac{2}{3}$ cents, the first such increase in three years.

In framing the 1973 financial statements, we have tried to make the figures more meaningful to give a clearer accounting picture of our activities. In summarizing the significant accounting policies embodied in the report and in detailing the statement of consolidated income and other financial information, we have sought to provide appropriate and useful data that will enable the shareholder to make a better appreciation of his investment.

Also, on the recommendation of our auditors, the 1973 financial statements incorporate a full consolidation in our accounts of Cominco, Great Lakes Paper, Fording Coal and CanPac Minerals. These companies were formerly included in our report on an equity basis. Such a consolidation, while markedly increasing the values shown in the statements of assets and liabilities, does not alter the statement of consolidated net earnings, the statement of consolidated retained earnings or the shareholders' equity.

It will also be of interest to note that by March 31, 1974, 44 per cent of the outstanding preferred shares had been converted into common shares of the company.

I now come to the report for the first quarter of 1974 which is being released today and of which every shareholder will receive a copy. In a nutshell, the results to the end of March show a consolidated net income of \$27.3 million compared to \$15.3 million for the same period last year. After making provision for preferred dividends, this will give earnings of 49 cents per common share as compared to 28 cents per common share for the first quarter of 1973. On a fully diluted basis the figures would be 43 cents in 1974 as compared to 24 cents in 1973. I shall now give some of the details underlying these good results and offer some comment on the prospects for 1974 as a whole.

Oil and Natural Gas

The estimated first quarter results for 1974 recently announced by PanCanadian Petroleum Limited represent a marked advance over the same period last year. After full provision for deferred income taxes at the current effective rate, earnings rose by \$4.1 million to a new high of \$8.9 million. Funds from operations have also increased for the period by \$4.2 million to a total of \$16.6 million. These good results arise from strong prices applied to increased gas production and substantially higher secondary recovery of oil.

PanCanadian has also announced a significant first venture into the petrochemical field. The company will participate as a senior partner with Tyler Corporation of Texas, in a 400,000-ton ammonia plant to be located in southeastern Alberta. The plant will be supplied from the gas developed in PanCanadian's successful shallow gas project and will add to the upgrading of this natural resource in Canada.

While many uncertainties still trouble management, we know more about government royalties and pricing policies now than we did this time last year. The recent agreement to price oil at the wellhead at \$6.50 a barrel will have a significant positive effect on PanCanadian's revenue for the balance of the year. This will help provide funds needed for the company's increasingly expensive exploration and development programs.

In this connection, exploration for oil and gas in western Canada is very much in the immediate national interest. The ability to deliver natural gas is expected to begin declining within two years. In the short run, we must look to increasing production from the western Canadian basin to meet the shortfall in natural gas production expected for the period between 1976 and 1980.

Similarly, the capability to produce conventional oil will begin to decline by 1980. Self sufficiency in oil and gas is a most important factor in Canada's present situation. It is clear that we need to protect this advantage. This means that the country requires stability of royalties and taxes at reasonable rates to attract the funds needed to carry the risks and costs involved in finding new supplies.

Continued progress has been reported this quarter by Panarctic Oils in which we have a 13 per cent net indirect interest. Flowing oil was found in the Bent Horn well on Cameron Island. Though this is a non-commercial discovery it may be a significant indication of probabilities. A successful offshore well has added significantly to the Hecla gas field reserves. There is, however, a considerable distance to go before gas reserves cross the threshold considered adequate to justify a pipeline.

Mines and Minerals

Cominco has reported a very strong first quarter with sales of \$190 million and earnings of \$22.7 million amounting to \$1.34 per Cominco common share. This compares with earnings of \$8.3 million for the same period last year. That considerable improvement arises from strong markets and prices for fertilizer, particularly in the United States after removal of controls, to which is added better prices for lead, zinc and silver. There is a good market for all that Cominco can produce.

During the quarter, approval was given to the \$50 million

Rubiales lead-zinc project in Spain. An early start on the installation of the mining plant is anticipated. Cominco is the largest of several participants in this venture. Together with its partner, Charter Consolidated, Cominco has obtained a 31 per cent equity holding in Tara Exploration and Development Company Limited which is considered to be one of the largest zinc properties in Europe.

A seven-week strike at the beginning of this year has prejudiced results for the quarter at the Fording Coal mine for which a loss of \$2.7 million has been reported. Beginning on April 1 of this year, however, the new price of \$30.00 Canadian per long ton of export coal F.O.B. Roberts Bank better reflects economic realities at the mine. A turnaround from last year's loss to a profit in 1974 is expected.

CanPac Minerals has begun negotiations for the development of one of its important Alberta coal properties for the purpose of electrical generation.

The intentions of the government of British Columbia respecting taxes on minerals have been an unsettling factor in that province. The details of the new impost are not entirely clear but a very substantial increase can be expected in Cominco's tax payments. Perhaps the worst feature of the British Columbia tax will be its depressing effect on the value of ores already discovered in the province and its inhibiting effect on the start of new mines.

Forest Products

For the first quarter Pacific Logging recorded earnings of \$2.7 million which compares with a figure of \$4.3 million last year. This decline reflects the expected weaknesses in log and lumber markets in the United States, Japan and the United Kingdom. Current forecasts, however, predict a firming of markets and prices in the second half of the year.

The most serious unknown factor at present for Pacific Logging relates to the royalties and forest tax measures being considered by the government of British Columbia. Preliminary indications are that these tax and royalty costs may be raised significantly. When added to market conditions, this prospective increased burden makes it probable that the 1974 year-end results for Pacific Logging will fall somewhat below those realized last year.

The first quarter report of Great Lakes Paper, however, is much more encouraging. Net earnings were reported at \$3.6 million compared to \$900,000 for the same period last year. This amounts to 99 cents per Great Lakes' share in 1974 as compared to 25 cents in 1973. Output has been pressing against capacity. The price of pulp has been particularly strong while newsprint prices have been improving. The first section of the stud mill has come into operation since the first quarter of last year and is making a contribution to earnings even though prices have been soft.

Recently, Great Lakes Paper announced a very significant new plant development program that will cost approximately \$163 million to complete. The new facilities to manufacture both pulp and lumber will more fully utilize the capacity of the company's forest assets and output appears likely to find a ready market.

The government of Ontario has just announced a substantial new increase in provincial forest royalties. This extra charge plus the effect on the company's United States export sales of a strong Canadian dollar will unavoidably affect Great Lakes Paper for the balance of the year. Nevertheless, I remain optimistic that year-end results will still be very satisfactory.

Real Estate and Related Operations

Marathon Realty's first quarter results this year recorded a good increase. Net earnings have risen to \$1.1 million compared to \$717,000 for the same quarter last year. Better participation rentals and the impact of new projects entering the earning stream are factors in this improvement.

During the quarter Marathon succeeded in improving its land inventory through selective acquisitions in Barrie and Kitchener, Ont., White Rock and Vancouver, B.C., Calgary, Alta. and St. Hubert, Que. Sod was broken for the Canadian Pacific Telecommunications project in Montreal, the Peterborough Square development in Peterborough, Ont. and the second phase of the Arbutus condominium development in Vancouver.

Marathon is the owner of 280,000 acres of agricultural land in Saskatchewan. A recent act of the legislature of that province has ordered the divesture of such land held by non-agricultural corporations among which Marathon is included. As the legislation provides a 20-year period for compliance, an orderly divesture of these lands can be planned. The recent announcement of the government of British Columbia respecting rent control measures, while still not fully articulated, will also affect Marathon to a degree. The Metro Centre project in downtown Toronto is also under review in the light of changing community attitudes toward urban development and anticipated rising requirements for public transportation facilities integrated within the project.

While recognizing the changing circumstances I am confident that Marathon will continue to be innovative and flexible, and I expect that earnings in 1974 will improve over those recorded for 1973.

Hotels and Food Services

For the first quarter of 1974 Canadian Pacific Hotels posted a substantial improvement over the same period in 1973. Net earnings increased from \$297,000 to \$794,000. A short while ago, predictions were being made that the energy crisis would adversely affect this industry. So far, this has not proved true for our system, which this quarter experienced its best hotel room occupancy rate ever.

Early in the quarter and after costly delays arising from labor disruption, the new Château Halifax in Halifax, N.S., was officially opened. "Red Oak" style hotels are now under way at Thunder Bay, Ont., and at Peterborough, Ont. The hotel company was also the successful bidder to construct a new hotel at the Mirabel, Que. International Airport. I am also glad to report that the renovated Royal York Hotel in Toronto is giving a good account of itself in that highly competitive market. The Château Champlain in Montreal continues to break system records for occupancy and operating profit.

While it may be optimistic to expect this quarter's exceptional rate of earnings increase to be maintained all year, 1974 still looks like a record-breaker for Canadian Pacific Hotels.

CanPac Leasing, acquired subsequent to the first quarter of last year, is currently enjoying a strong demand, and new leasing has exceeded expectations to date. Canadian Pacific Securities has agreed to lend up to \$40 million to Great Lakes Paper to help finance its previously mentioned expansion program.

Investment income was about \$2 million in the first quarter and the outlook for the balance of 1974 is good with all of the major investments now paying dividends at rates above 1973 levels.

Outlook

In considering the outlook for Canadian Pacific Investments as a whole for the balance of 1974, there are not only the uncertainties of the business world to be taken into account, but we must also have regard for a number of imponderables in the social and political climate in which we operate.

The terms and conditions of natural resource development are in the process of substantial modification. Public attitudes towards real estate development are dictating new ground rules as to what is expected of good developers.

In natural resources such as oil and gas, minerals and forestry, nationalism, concern for the environment and recent worldwide shifts from an apparent abundance of supply to an apparent scarcity of supply, and the price changes associated therewith, are evoking new interest on the part of governments. This interest expresses itself, in part, as a drive by governments to secure a larger share of the proceeds of natural resource development. As current events so forcefully illustrate, governments in Canada are no exception to this worldwide trend. Powerful though this trend may be, there is a clear duty to point out the practical limitations that a full regard for the general interest imposes on public authorities as they stipulate a larger share.

For example, one of the basic requirements of an effective anti-inflation policy is to ensure that adequate supplies are forthcoming. To get adequate supplies of natural resources the taxing authority should so limit its share of the proceeds of development that adequate earnings be left with industry and its shareholders. This is required not only as a reward for past risk taking and present efficiency but also to maintain and expand exploration and production in an increasingly high cost environment. This will support the climate of stability and confidence needed so that the very large expenditures called for by such development will be provided from the savings of industry and the public.

At the same time as these new public policies develop, companies such as ours have a duty to respond as constructively and as effectively as we can in the management of our own operations. In real estate, for example, while it is possible that some projects may have to be deferred for the present, in most cases we can be sufficiently flexible to meet public policy requirements while preserving the economic integrity of the projects in question. In the natural resource field we can make fuller use of resource assets as the Great Lakes Paper expansion program is designed to do. We can integrate the natural resource further into processing and manufacturing as is the case in the PanCanadian Petroleum ammonia plant. We can also diversify our new investments to

balance our existing activities or to branch out into new fields of endeavour. Our promising investment in Algoma Steel, our entry into CanPac Leasing and the Rubiales mine may be regarded as moves of this kind.

To sum up, in spite of the problems of the day, we can be firmly optimistic about the long term prospects for Canadian Pacific Investments. Our broad base, our considerable resources, our capacity for new thrust and, above all, the vigor, initiative and flexibility to be found in the management teams of our component companies give a solid pledge for the future.

In the short term, a cautious optimism is well founded. I was confident at this time last year about the prospects for 1973. I am confident now about the prospects for 1974. Obviously the new tax changes and related cost impositions reduce our expectations. But we will do well. Indeed, 1974 is expected to be a better year than 1973. We shall do our best to make it so and to achieve a rate of return that will continue to justify your confidence and your investment.

AR38

Reference: Robert Rice
Montreal
(514) 861-6811

MAR 28 1974

Release: Immediate, March 27, 1974

CPI ANNUAL REPORT RECORDS

YEAR OF PROSPERITY, PROGRESS

MONTREAL - Surging demand for oil and gas, minerals and forest products and a higher than average rate of growth in the Canadian economy contributed to a year of prosperity and progress for Canadian Pacific Investments Limited in 1973.

Canadian Pacific Investments had consolidated net income in 1973 of \$77.8 million or \$1.45 per common share compared with \$44.3 million or 79 cents per common share in 1972.

The CPI annual report for 1973, released today, says that a review of the present prospects of each operating sector leads to the conclusion that the Company will have another good year in 1974.

Commenting on the effects of higher cost energy on future business trends, the report says: "For a company such as ours, the situation offers at least as many opportunities as problems."

MORE

The report says indications point to continued growth in the petroleum industry, notwithstanding difficulties created by changes and uncertainties in governmental oil policies.

Cominco Ltd. foresees strong demand for chemical fertilizer and metallurgical products in 1974. The outlook for profitable operations of Fording Coal Limited depends mainly on satisfactory negotiation of the price for coal in the new contract year beginning April 1 and maintenance of production at planned levels.

Growth in the consumption of newsprint and pulp seems likely to tax the capacity of the forest products industry for some time.

It is anticipated, therefore, that earnings of The Great Lakes Paper Company, Limited in 1974 will improve substantially, even though production and transportation costs are increasing, the report says. In contrast, logging and lumbering profits of Pacific Logging Company Limited are expected to be lower than in 1973, based on signs of weakening in United States, Japanese and United Kingdom markets.

MORE

Conditions seem favorable for an increase in the net income of Marathon Realty Company Limited and CP Hotels is looking forward to another year of growth, both in earnings and development activities. The forecast of increased equipment expenditures by Canadian industry enhances the prospects of CanPac Leasing.

Dividend income from major portfolio investments, including the recently-acquired shares of The Algoma Steel Corporation, is expected to be higher in 1974.

PanCanadian Petroleum Limited carried out an aggressive exploration program in 1973. Expenditures for geophysical surveys and exploration and development drilling increased to \$27.3 million from \$24.7 million in 1972. The major portion of the funds was spent in Canada, from the western Arctic to the waters off the east coast.

Through its purchase of TransCanada Petroleum Limited, PanCanadian Petroleum acquired valuable interests in production, processing and transporting facilities for natural gas liquids. Preliminary plans have been announced for construction of a \$45 million ammonia plant in which PanCanadian Petroleum will have a 60 percent ownership.

MORE

Panarctic Oils Ltd., in which Canadian Pacific Investments holds a 12.7 percent net interest through two subsidiaries, continued successful exploration in the Arctic islands in 1973. Discoveries of natural gas were made on Melville Island and Thor Island.

A record production of zinc was achieved by Cominco in 1973 and zinc and lead prices improved throughout the year. Demand for fertilizers also strengthened and prices began to recover in markets served by Cominco.

The Black Angel Mine in Greenland was completed and production came on stream ahead of schedule in the fourth quarter of 1973. Cominco also announced the formation of a subsidiary to mine diamonds and to provide technical assistance to independent diamond diggers in the Central African Republic.

CanPac Minerals Limited, owned 60 percent by CPI and 40 percent by Cominco, had improved earnings as a result of additional production of thermal coal and growing demand for potash.

Much of the benefit Fording Coal received from the increase in the coal price negotiated with purchasers in 1973 was outweighed by the effects of a shortfall from anticipated production levels and consequent higher unit costs.

MORE

"The reasons for this shortfall included operational difficulties with the plant, wildcat strikes at the mine and the mid-year rail strikes, and a chronic shortage of labor, particularly of tradesmen," the report says.

Great Lakes Paper made a strong recovery in 1973 from the low earnings of the previous year and launched a multi-million-dollar expansion program. Increased production and sales of newsprint and pulp at better prices were the chief reasons for the year's higher income.

The expansion program of Great Lakes Paper is directed at strengthening the company's earnings through diversification and the opening of new markets. The first phase, which will be completed late this year at a cost of \$13.5 million, involves construction of a particleboard-waferboard plant and doubling of the capacity of the present stud mill which began operations last October.

The second phase will require an expenditure of \$118 million for construction of a quarter-million-ton bleached kraft pulp mill to be integrated with existing facilities and further enlargement of stud lumber capacity.

MORE

Pacific Logging is continuing its active forestry program. During the year, 3,100 acres were planted with more than 1.5 million trees. Four new seed production plantations were established and 3,000 acres were seeded.

Marathon Realty undertook its first venture into construction for resale in 1973 at Arbutus Village in Vancouver. The development consists of condominium units plus commercial and retail space. Agreement was reached during the year with the City of Peterborough for redevelopment of a large downtown area. It will include a two-level enclosed shopping mall, a four-storey office building and a 170-room hotel for CP Hotels. Target date for completion is mid-1975.

CP Hotels made its initial venture into the international market in 1973 when it took over management of hotels in Mexico City and Acapulco. The Chateau Halifax was opened in downtown Halifax in January.

Construction is underway on a new hotel in Thunder Bay and the Ministry of Transport has accepted CP Hotels' tender to build and operate the hotel at the new Montreal International Airport at Mirabel. Plans have been completed for construction of a 400-room luxury hotel in Paris and progress was made on the Tel Aviv hotel project.

APR 9 1974

Notice of Annual and Special General Meeting of Shareholders

The Annual and a Special General Meeting of the Shareholders of Canadian Pacific Investments Limited will be held on Friday, April 26th, 1974, at Le Château Champlain, Place du Canada, Montreal, Quebec, at 11:00 A.M. (daylight saving time, if operative), for the following purposes:

- a. to receive the Report of the Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon, for the year ended December 31st, 1973;
- b. to consider and, if deemed fit, to sanction By-law No. 12, enacted by the Board of Directors on January 31st, 1974, changing the name of the Company to Canadian Pacific Investments Limited in English or Investissements Canadien Pacifique Limitée in French and authorizing an application to the Minister of Consumer and Corporate Affairs for the issue of Supplementary Letters Patent confirming the same;
- c. to consider and, if deemed fit, to sanction By-law No. 13, enacted by the Board of Directors on March 7th, 1974, increasing the number of Directors of the Company from nine to twelve;
- d. to elect Directors;
- e. to appoint the Auditors and to authorize the Board of Directors to fix their remuneration; and
- f. to transact such other business as may properly come before the meeting.

The Board of Directors has by resolution fixed the time, before which proxies to be used at the Annual and Special General Meeting or any adjournments thereof must be deposited at Montreal, Quebec, with the Company or the Montreal Trust Company as Agent for the Company, at twenty-four hours, excluding Saturdays and holidays, preceding the Annual and Special General Meeting or any adjournments thereof.

By order of the Board,
G. S. MacLean, Secretary.

Montreal, March 7th, 1974.

Note: If you are unable to attend the meeting in person, please complete and return the enclosed form of proxy.

Information Circular

(Dated as of February 28th, 1974)

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation by the Management of Canadian Pacific Investments Limited of proxies for use at the Annual and Special General Meeting of Shareholders of the Company to be held on Friday, April 26th, 1974, at Le Château Champlain, Montreal, Quebec, and at any adjournments thereof. The total cost of solicitation will be borne by the Company.

Appointment and Revocation of Proxies

At all meetings of Shareholders of the Company every Shareholder is entitled to give one vote for each share then held by him and such vote may be given in person or by proxy whether or not such proxy is himself a Shareholder.

A Shareholder giving a proxy may revoke the proxy by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof.

Voting Shares as Specified

Shares represented by properly executed proxies in favour of the persons designated thereon will be voted or withheld from voting, as specified therein, on any ballot that may be called for and, where the shareholder executing such proxy specifies a choice with respect to any matter to be acted upon, such shares will be voted in accordance with any specification so made. IN THE ABSENCE OF SUCH SPECIFICATION SUCH SHARES WILL BE VOTED "FOR".

Exercise of Discretion by Proxies

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the date of this Information Circular, the Management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares

On February 28th, 1974, the Company had outstanding 54,375,658 Common Shares without nominal or par value, each carrying one vote, and 2,848,915 4 3/4% Cumulative Redeemable Convertible Voting Preferred Shares, Series A, each carrying one vote. The Company has not fixed a record date and, in accordance with the Canada Corporations Act, Section 105(5), the failure of any shareholder of the Company to receive a notice of the time and place for holding a meeting of shareholders of the Company does not deprive the shareholder of a vote at the meeting if the shareholder is registered on the books of the Company at least forty-eight hours, excluding Saturdays and holidays, before the time set for the meeting. As of February 28th, 1974, Canadian Pacific Limited owned 50,000,000 Common shares representing 87.37% of the voting rights attached to all equity shares of the Company.

By-law Amendments

The Meeting has been called as a Special General Meeting of Shareholders for the purpose of considering and, if deemed fit, sanctioning By-laws 12 and 13 by at least two-thirds of the votes cast at the Meeting. By-law No. 12, passed by the Board of Directors on January 31st, 1974, provides for a change of name of the Company to Canadian Pacific Investments Limited in its separated English form or Investissements Canadien Pacifique Limitée in its separated French form and authorizing an application to the Minister of Consumer and Corporate Affairs for the issue of supplementary letters patent confirming the by-law. By-law No. 13, passed by the Board of Directors on March 7th, 1974, provides for an increase in the number of Directors of the Company from nine to twelve.

Election of Directors

With the sanctioning of By-law No. 13 by the shareholders, the Board of Directors shall consist of twelve Directors. Each Director elected will hold office until the next Annual Meeting of Shareholders and until his successor is duly elected. The persons listed on the following page, except Mr. Paul L. Paré, Mr. R. D. Southern and Mr. W. J. Stenason who are not now Directors, will retire as Directors at the forthcoming Annual and Special General Meeting on April 26th, 1974 and they are eligible and will be nominated for re-election. In addition thereto, Messrs. Paré, Southern and Stenason are eligible and will be nominated for election as Directors. The Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Information as of February 28th, 1974, as to the twelve nominees (excepting Paul L. Paré and R. D. Southern for whom the information is as of March 7th, 1974) is as follows:

Names of Nominees and Offices held in Company	Date on which present term of office expires	Principal occupation or employment	Director since	Equity securities of Canadian Pacific Investments Limited or its subsidiaries beneficially owned
†W. A. Arbuckle	April 26, 1974	Chairman of the Canadian Board, The Standard Life Assurance Company, Montreal.	1964	2,750 Pfd. Shares, Series A and 2,750 Share Purchase Warrants of C.P. Investments Limited 1,000 Common Shares of Cominco Ltd.
F. S. Burbidge	April 26, 1974	President, Canadian Pacific Limited, Montreal.	1972	400 Common Shares of C.P. Investments Limited 100 Common Shares of Cominco Ltd.
F. E. Burnet	April 26, 1974	Chairman and Chief Executive Officer, Cominco Ltd., Vancouver, engaged in the business of mining, metals, chemicals, and fertilizers.	1973	400 Common Shares of C.P. Investments Limited 1,150 Common Shares of Cominco Ltd.
†A. M. Campbell	April 26, 1974	Chairman, Sun Life Assurance Company of Canada, Montreal.	1962	200 Pfd. Shares, Series A, 4,800 Common Shares and 2,500 Share Purchase Warrants of C.P. Investments Limited
R. W. Campbell	April 26, 1974	Chairman of the Board and Chief Executive Officer, PanCanadian Petroleum Limited, Calgary, engaged in exploration, production, transportation, processing and marketing of oil and gas.	1973	200 Common Shares of C.P. Investments Limited 100 Common Shares of PanCanadian Petroleum Limited
†S. E. Nixon	April 26, 1974	Chairman, Celanese Canada Limited, Montreal, engaged in the business of manufacturing synthetic fibres, fabrics and carpets and chemical products.	1962	1,000 Pfd. Shares, Series A and 1,000 Share Purchase Warrants of C.P. Investments Limited 100 Common Shares of Cominco Ltd.
Paul L. Paré		President and Chief Executive Officer, Imasco Limited, Montreal, a parent operating company with tobacco, food and retail divisions.		500 Common Shares of C.P. Investments Limited
†H. M. Pickard	April 26, 1974	Chairman and Chief Executive Officer, Marathon Realty Company Limited, Calgary, engaged in the business of a real estate investment and development company.	1970	4,000 Common Shares of C.P. Investments Limited 100 Common Shares of Cominco Ltd. 500 Common Shares of PanCanadian Petroleum Limited
The Hon. Duff Roblin, P.C., C.C., President	April 26, 1974	President, Canadian Pacific Investments Limited, Montreal.	1967	400 Common Shares of C.P. Investments Limited 200 Common Shares of Cominco Ltd. 30,000 Common Shares of C.P. Investments Limited 100 Common Shares of Cominco Ltd. 100 Common Shares of The Great Lakes Paper Company, Limited 50 Common Shares of PanCanadian Petroleum Limited
Ian D. Sinclair, Chairman and Chief Executive Officer	April 26, 1974	Chairman and Chief Executive Officer, Canadian Pacific Limited, Montreal.	1962	1,000 Common Shares of C.P. Investments Limited
R. D. Southern		President and Chief Executive Officer, ATCO Industries Limited, Calgary, engaged in manufacturing.		200 Common Shares of C.P. Investments Limited 205 Common Shares of Cominco Ltd. 400 Common Shares of The Great Lakes Paper Company, Limited 100 Common Shares of PanCanadian Petroleum Limited
W. J. Stenason, Executive Vice-President		Executive Vice-President, Canadian Pacific Investments Limited, Montreal.		
*Member of Executive Committee				
†Member of Audit Committee				
Mr. Paul L. Paré has been President and Chief Executive Officer of Imasco Limited since 1970 and, prior thereto, for two years, President of its predecessor company Imperial Tobacco Co. of Canada Limited.				
Mr. R. D. Southern has been President and Chief Executive Officer of ATCO Industries Limited for more than five years.				
Mr. W. J. Stenason has been a Vice-President of Canadian Pacific Limited for more than five years.				

Remuneration of Management and Others	Aggregate direct remuneration paid or payable to the Directors and to the Officers of the Company in 1973:	Paid or payable to Directors, as Directors	Paid or payable to Officers, as Officers
		Paying Company	
		Canadian Pacific Investments Limited	\$30,300.00
		PanCanadian Petroleum Limited	7,066.66
		Cominco Ltd.	36,158.26
		Midland Simcoe Elevator Company, Limited	450.00
		The Great Lakes Paper Company, Limited	4,400.00
		Pine Point Mines Limited	2,625.00
		West Kootenay Power and Light Company, Limited	583.34
			7,500.00

Remuneration of
Management and Others
(Cont'd.)

Interest of Management
and Others
in Material Transactions
during
period January 1st, 1973 —
February 28th, 1974

Canadian Pacific
Investments Limited (CPI)

Canadian Pacific
Hotels Limited (CPH)

Canadian Pacific Securities
Limited (CPSL)

CanPac Leasing Limited
(CanPac Leasing)

Cominco Ltd. (Cominco)

PanCanadian Petroleum
Limited (PanCanadian)

Appointment of Auditors

The estimated aggregate cost to the Company and its subsidiaries in 1973 of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or any of its subsidiaries to the persons mentioned in the foregoing table was \$8,852.

Mr. Ian D. Sinclair, a Director and Chairman and Chief Executive Officer of the Company, is an Officer and Director of Canadian Pacific Limited, Canadian Pacific Securities Limited, Cominco Ltd and PanCanadian Petroleum Limited. Duff Roblin, a Director and President of the Company, is an Officer and Director of Canadian Pacific Securities Limited. Mr. F. S. Burbidge, a Director of the Company, is an Officer and Director of Canadian Pacific Limited. Mr. F. E. Burnet, a Director of the Company, is an Officer and Director of Cominco Ltd. Mr. R. W. Campbell, a Director of the Company, is an Officer and Director of PanCanadian Petroleum Limited. Mr. W. J. Stenason, a nominee for election as a Director of the Company, is an Officer and Director of CanPac Leasing Limited.

CPI has undertaken to guarantee the short and long term obligations of its wholly-owned subsidiary, Canadian Pacific Securities Limited, up to an amount fixed by the Board of Directors. At February 28th, 1974, the total amount guaranteed, including accrued interest, was approximately \$238,590,440.

CPI has made a shareholder's loan to Fording Coal Limited in which CPI has a 60% interest. The amount advanced as at February 28th, 1974 was \$8,400,000.

CPI acquired all the outstanding shares of CanPac Leasing Limited from Canadian Pacific Limited on May 1st, 1973 for a cash consideration of \$6 million and undertook to guarantee a \$3.5 million loan made by the Export-Import Bank of the United States to CanPac Leasing Limited and currently guaranteed by Canadian Pacific Limited.

CPI has undertaken to guarantee up to \$30 million interim financing required by CP Hôtels de Paris, S.A., in which company Canadian Pacific Hotels Limited has a 50% interest.

CPH has advanced loans to Scotia Square Hotel Ltd., in which CPH has a 50% interest; as at February 28th, 1974 the outstanding loans amounted to \$7,313,868.

During the period, loans made by CPSL to associate or affiliate companies of CPI, less loans repaid by the respective companies, were as follows:

Canadian Pacific Hotels Limited	\$ 8,500,000
CanPac Leasing Limited	5,500,000
Marathon Realty Company Limited	3,255,000

CanPac Leasing entered into leases, arranged at market rates, with Canadian Pacific Limited and its subsidiaries and affiliates; at February 28th, 1974, the amounts receivable under such leases, including unearned income, were:

Brunterm Limited	\$ 1,537,377
Canadian Pacific Air Lines, Limited	12,493,814
Canadian Pacific Hotels Limited	10,257
Canadian Pacific Limited	7,268,956
Canadian Pacific Steamships, Limited	2,567,030
CanPac International Freight Services Limited	1,096,045
CP Transport (London) Limited	347,909
Fording Coal Limited	112,400
Pacific Coast Terminals Co. Ltd.	233,235
Pacific Logging Company Limited	999,200
PanCanadian Petroleum Limited	833,000
The Great Lakes Paper Company, Limited	283,784

Cominco made a shareholder's loan to Fording Coal Limited in which Cominco has a 40% interest. The amount advanced as at February 28th, 1974 was \$5,600,000.

Cominco purchased 492,400 shares (7.6% of the outstanding shares) of Tara Exploration and Development Company Limited for \$11,150,000 and on February 15th, 1974 offered to purchase the remaining issued shares of Tara for cash at \$25.00 each.

PanCanadian purchased all the shares of TransCanada Petroleums Limited from TransCanada PipeLines Limited in January, 1973 for \$32 million cash.

Price Waterhouse & Co. have served as Auditors of the Company for more than seven years and will be nominated for reappointment to the office of Auditors of the Company for a term expiring at the close of the next Annual Meeting of Shareholders to be held in 1975, at a remuneration to be fixed by the Board of Directors.

By Order of the Board,
G. S. MacLean, Secretary.

Dated at Montreal, Quebec, as of February 28th, 1974.

Circulaire d'information

au 28 février 19/4)

Procurations

Designation et revocation des mandataires

Über das Veto

aux mandataires

droit de vote

Mouvements réglementés

Élection des membres du conseil d'administration

au 28 février 1974, la Compagnie avait en circulation 54 375 658 actions ordinaires sans valeur nominale ou au pair, donnant droit à une voix chacune et 2 848 915 actions privilégiées remboursables et convertibles, à 43 1/4 % cumulatif, série A, donnant droit à une voix chacune. La Compagnie a, par ailleurs, fixé de date limite d'inscription et, aux termes de la Loi sur les corporations canadiennes, article 105 (5), si arrive qu'un actionnaire de la Compagnie n'aît pas reçu d'avis indiquant la date, heure et lieu de l'assemblée générale des actionnaires de la Compagnie, il conserve son droit de vote à l'assemblée à condition de s'être inscrit aux régisters de la Compagnie, il conserve son droit de voter 37,37% des droits de vote différents à toutes les actions donnant droit de vote, de la Compagnie. Au 28 février 1974, la Compagnie possédait 50 000 000 d'actions ordinaires, représentant 37,37% des droits de vote généraux de toutes les actions donnant droit de vote, de la Compagnie. Au 31 janvier 1974, la majorité des deux tiers, pour examiner et, si elle le juge bon, approuver les règlements 12 et 13 à la recommandation de l'assemblée générale extraordinaire, pour examiner et, si elle le juge bon, Limiter les investissements et autoriser une demande d'octroi par le Ministre de la Consommation et des Corporations de lettres patentes supplémentaires confirmant ce règlement. Le 28 février 1974, la Compagnie a déposé une demande d'octroi par le Ministre de la Consommation et des Corporations de lettres patentes supplémentaires confirmant ce règlement n° 13, adopté par le conseil d'administration le 31 janvier 1974, portant modification du nom de la Compagnie en "Canadian Pacific Investments Limited sous sa forme anglaise, ou d'investissements Canadiens Pacific".

À toutes les assemblées générales des actionnaires de la Compagnie, chacun a eux disposes d'une voix par action et peut voter en personne ou par procuration, que le mandataire soit ou non actionnaire de la Compagnie.

La pression de la situation économique a entraîné une diminution de la demande des marchés de production et de consommation. Les investissements limités pour l'assemblée générale annuelle et l'assemblée générale extraordinaire des actionnaires qui se tiendront le Vendredi 26 avril 1974 au Château Champlain, Montréal, Québec, et pour toutes assemblées qui en tiendront lieu en cas d'ajournement. Les frais de cette demande sont à la charge de la Compagnie.

AVIS D'ASSEMBLÉE GÉNÉRALE ANNUELLE ET D'ASSEMBLÉE GÉNÉRALE EXTRAORDINAIRES DES ACTIONNAIRES

a) Examen du rapport du conseil d'administration, ainsi que des états financiers consolidés accompagnés du rapport des vérificateurs pour l'exercice clos le 31 décembre 1973;

b) Étude et, si elle le juge bon, approbation du règlement no 12, adopté par le conseil d'administration le 31 janvier 1974, qui change le nom de la Canadian Pacific Investments Limited en Canadian Pacific Investments Limited, en anglais, ou investissements Canadiens Pacific Limited, en français, et autorise la Canadian Pacific Investments Limited à soumettre au Ministre de la Consommation et des Corporations une demande d'octroi de lettres patentes supplémentaires en confirmation dudit changement;

c) Étude, et si elle le juge bon, approbation du règlement no 13, adopté par le conseil d'administration le 7 mars 1974, portant le nombre d'administrateurs de la Compagnie de neuf à douze;

d) Élection de membres du conseil d'administration;

e) Nomination des vérificateurs et habilitation du conseil d'administration à fixer leur rémunération;

f) Débat sur toute question dont l'assemblée peut normalement être saisie.

Le conseil d'administration, par résolution, fixe à vingt-quatre heures, sans compter les samedis et jours fériés, précédant l'assemblée générale annuelle et l'assemblée générale extraordinaire des actionnaires ou toutes assemblées qui en tiennent lieu en cas d'ajournement. Montréal, province de Québec, à la Compagnie ou à la Montreal Trust Company, agent de la Compagnie, des procurations à utiliser à l'assemblée générale annuelle et à l'assemblée générale extraordinaire des actionnaires ou à toutes assemblées qui en tiennent lieu en cas d'ajournement.

Par ordre du conseil d'administration

G. S. MacLean
Le secrétaire,

Montréal, le 7 mars 1974

Procuration cr-jointe.
Remarque: Si vous ne pouvez assister à l'assemblée, veuillez remplir et retourner la formule de

APR 9 1974

Canadian Pacific Investments Limited

Investissements Canadian Pacifique Limitee

Investissements

Canadian Pacifique Limitee

Rapport aux actionnaires:

Le revenu net consolidé pour le premier semestre de 1974 a atteint le chiffre record de \$63.2 millions, soit une amélioration de \$25.1 millions par rapport à la même période de 1973. Compte tenu des dividendes privilégiés, le revenu net par action ordinaire est de \$1.13, soit une augmentation de 42¢. Les principaux facteurs d'augmentation des bénéfices de PanCanadian Petroleum ont été la majoration de \$2.70 du prix canadien du baril de pétrole à compter du 1^{er} avril et l'accroissement de la production de pétrole, de gaz et de liquides extraits du gaz naturel.

Cominco Ltée a annoncé une hausse de revenus résultant de marchés dynamiques pour les métaux et les engrains. La grève, qui a débuté le 1^{er} juillet et se poursuit depuis, a interrompu la majorité des exploitations de Cominco en Colombie-Britannique et affectera défavorablement les résultats du troisième trimestre. Fording Coal a réalisé des bénéfices de \$1.5 million pendant le deuxième trimestre contre un déficit de \$2.7 millions pendant le premier trimestre. En dépit des quelques difficultés de production qui subsistent, Fording devrait être bénéficiaire à la fin de l'année.

Great Lakes Paper a connu une augmentation substantielle de ses bénéfices après avoir travaillé à saturation pour répondre à la forte demande de papier journal et de pâte. Chez Pacific Logging au contraire, le fléchissement des marchés de bois d'œuvre, en particulier aux États-Unis et au Japon, a été responsable d'une baisse des revenus.

Comme au premier trimestre, Marathon Realty, Canadian Pacific Hotels et CanPac Leasing ont tous trois bénéficié de l'expansion de l'économie canadienne. Aux termes d'une offre qui a pris fin le 8 juillet, la Compagnie a fait l'acquisition de 2.5 millions d'actions de l'Algoma Steel Corporation, où sa participation s'élève maintenant à 50.5%. Au cours du premier semestre, l'achat le plus important pour le portefeuille de la Compagnie a été celui de 265 700 actions ordinaires de MacMillan Bloedel Limited.

Durant les premiers six mois, la Compagnie a émis 2 977 849 actions ordinaires en raison de la conversion d'actions privilégiées et de l'exercice de droits de souscription.

Le deuxième semestre de 1974 est de bon augure pour la Compagnie. Le président du conseil et chef de la direction,



Canadian Pacifique Limitee

Sous réserve de vérification

	trimestre terminé le 30 juin	Sous réserve de vérification trimestre terminé le 30 juin	semestre terminé le 30 juin	1973
Résultats consolidés				
Pétrole et gaz *	\$10 414	\$ 3 823 **	\$ 18 185	\$ 8 042 **
Produits miniers *	16 189	4 630	26 946	6 919
Exploitation forestière *	3 474	3 870	8 128	8 651
Immobilier et activités connexes	1 647	1 292	2 765	2 009
Hôtellerie et restauration	1 224	1 179	2 018	1 476
Financement	256	137	456	192
Revenus de placements	2 728	1 885	4 713	3 740
Bénéfices avant postes exceptionnels (réduction faite des impôts sur le revenu \$48 148 000, 1973 - \$21 800 000; semestre \$78 275 000, 1973 - \$41 662 000)	35 932	16 816	63 211	31 029
Postes exceptionnels (réduction faite des impôts 1973 - \$10 000; semestre \$10 000)				
Revenu net				
Bénéfices par action ordinaire				
Revenu avant postes exceptionnels	\$0.64	\$0.31 **	\$1.13	\$0.57 **
Revenu net	0.64	0.43 **	1.13	0.71 **
Bénéfices entièrement dilués par action ordinaire				
Revenu avant postes exceptionnels				
Revenu net	0.57	0.27	1.00	0.50
Revenu net	0.57	0.37	1.00	0.61

*Après paiement des dividendes aux actionnaires externes.

**Ces chiffres ont été redressés pour tenir compte de l'adoption des pleins tarifs d'imposition dans l'application de la méthode de report d'impôts aux dépenses de prospection et de forage dans le secteur pétrole-gaz naturel.

État consolidé des mouvements de trésorerie

	trimestre terminé le 30 juin	Sous réserve de vérification trimestre terminé le 30 juin	semestre terminé le 30 juin	1973 (En milliers)
Entrées				
Recettes d'exploitation *	\$161 188	\$102 327		
Vente de titres	5 356	16 398		
Émission d'actions	3 677	16		
Émission de dette à long terme	24 653	46 791		
Produit de la vente d'immobilisations	1 593	3 519		
Fonds de roulement des filiales acquises et incluses dans la consolidation				
Diminution du fonds de roulement				
Sorties				
Augmentation du portefeuille				
Immobilisations				
Augmentation des biens à louer				
Réduction de la dette à long terme				
Dividendes déclarés				
Dividendes payés aux actionnaires extérieurs des filiales				
Placements dans les filiales acquises et incluses dans la consolidation				
Divers (net)				
	11 231	5 012		
	\$207 698	\$136 258		
	\$ 44 152	\$ 6 626		
	88 271	54 856		
	16 738	4 548		
	20 162	8 360		
	18 982	14 884		
	16 089	7 038		
	—	38 092		
	3 304	1 854		
	\$207 698	\$136 258		

*Recettes nettes avant postes exceptionnels, dépréciation, épuisement, amortissement, impôts sur le revenu différé et participation d'actionnaires extérieurs aux bénéfices des filiales.

Report for the 6 months
ended June 30, 1974

Art
15.974

Canadian Pacific Investments Limited

Canadian Pacific Investments Limited

Report for the 6 months
ended June 30, 1974

To the Shareholders:

Consolidated net income for the first half of 1974 was a record \$63.2 million, exceeding the same period of 1973 by \$25.1 million. After preferred dividends, earnings per common share amounted to \$1.13, an increase of 42¢.

Major factors in the higher earnings of PanCanadian Petroleum were the increase of \$2.70 in the domestic price per barrel for oil, effective April 1, and increased oil, gas and natural gas liquids production.

Cominco Ltd. reported improved income as a result of strong markets for metals and fertilizers. The strike which closed down most of Cominco's operations in British Columbia beginning July 1 and still in effect will adversely affect third-quarter results. Fording Coal operated at a profit of \$1.5 million in the second quarter, compared with a deficit of \$2.7 million in the first quarter. Despite some continuing production difficulties, Fording is expected to show a profit for the year.

Earnings of Great Lakes Paper increased substantially, reflecting operation at capacity in response to heavy demand for newsprint and pulp. In contrast, poor lumber markets, particularly in the U.S. and Japan, were responsible for a decline in the income of Pacific Logging.

As in the first quarter, Marathon Realty, Canadian Pacific Hotels and CanPac Leasing were all favorably affected by expansion in the Canadian economy.

Under the terms of an offer which expired July 8, the Company purchased 2.5 million shares of The Algoma Steel Corporation to bring its interest to 50.5%. The major portfolio purchase in the first half of the year was 265,700 common shares of MacMillan Bloedel Limited.

During the first six months the Company issued 2,977,849 common shares on conversion of preferred shares and the exercise of warrants.

The outlook for the Company during the remainder of 1974 is good.

Montreal, August 2, 1974.

Chairman and
Chief Executive Officer



	1974	1973	1974	1973	Subject to audit	Six months ended
	Quarter ended	June 30	(in thousands)	June 30		June 30
Statement of Consolidated Income						
Oil and gas *	\$10,414	\$ 3,823**	\$18,185	\$ 8,042**		
Mines and minerals *	16,189	4,630	26,946	6,919		
Forest products *	3,474	3,870	8,128	8,651		
Real estate and related operations	1,647	1,292	2,765	2,009		
Hotels and food services	1,224	1,179	2,018	1,476		
Finance	256	137	456	192		
Investment income	2,728	1,885	4,713	3,740		
Income before extraordinary items (after income taxes of \$48,148,000, 1973 - \$21,800,000; six months \$78,275,000, six months \$10,000)	35,932	\$22,851	\$63,211	\$38,102		
Net income	—	6,035	—	7,073		
Earnings per common share						
Income before extraordinary items	\$0.64	\$0.31**	\$1.13	\$0.57**		
Net income	0.64	0.43**	1.13	0.71**		
Fully diluted earnings per common share						
Income before extraordinary items	0.57	0.27	1.00	0.50		
Net income	0.57	0.37	1.00	0.61		
Statement of Consolidated Source and Application of Funds						
Source of Funds						
Funds from operations *	\$161,188	\$102,327				
Sale of investments	5,356	16,398				
Capital stock issued	3,677	16				
Issuance of long term debt	24,653	46,791				
Proceeds from disposal of properties	1,593	3,519				
Working capital of subsidiaries acquired and consolidated	11,231	5,012				
Decrease in working capital	—	(37,805)				
Application of Funds						
Additions to investments	\$ 44,152	\$ 6,626				
Additions to properties	88,271	54,856				
Additions to lease receivables	16,738	4,548				
Reduction in long term debt	20,162	8,360				
Dividends declared	18,982	14,884				
Dividends paid outside shareholders of subsidiaries	16,089	7,038				
Investment in subsidiaries acquired and consolidated	—	38,092				
Sundries (net)	3,304	1,854				
	\$207,698	\$136,258				
<small>*Net income before the following: extraordinary items, depreciation, depletion, amortization, deferred income taxes and outside shareholders' interest in income of subsidiaries</small>						

Montreal, August 2, 1974.